

## **Allocation Plan for Commercial Revitalization Deduction for the Memphis Renewal Community**

A. The Mayor designates the Advisory Board of the Renewal Community Coordinating Responsible Authority (RC CoRA) to determine the specific annual allocation criteria to be used and to review and approve awards related to this program, consistent with the methodology outlined in the State of Tennessee Qualified Allocation Plan. This designated entity is to act without conflict of interest and its membership has representatives of the local business and economic development community as well as residents of the Renewal Community.

B. Individual projects seeking an allocation for a Commercial Revitalization Deduction can apply to the RC CoRA at any time by completing the Commercial Revitalization Deduction Application Form. Each application will be reviewed by the Advisory Board within 45 days of submission of the application. The Advisory Board will evaluate each project based on "Allocation Criteria" defined below.

### **CRD Allocation Criteria**

The City of Memphis will give priority consideration to projects based on

- (i) the degree to which a project contributes to the implementation of the Renewal Community strategic plan,
- (ii) the amount of any increase in permanent, fulltime employment by reason of any project, and
- (iii) the active involvement of residents and nonprofit groups within the renewal community, and

The City of Memphis will also use the following guiding principles as supplementary considerations to CRD applications:

#### **Location:**

In order to stimulate additional growth in areas of the City with extraordinary revitalization challenges or in areas consistent with special plans of the City for revitalization, preference may be given to an application for projects in areas of the City that have been traditionally under-served.

#### **Ownership:**

Preference may be given to owner-occupied projects, projects owned by a resident of the Renewal Community or projects that create a 'headquarters' for a national or international corporation seeking to locate within the Renewal Community.

#### **Above Average Wages:**

Preference may be given to projects that creates jobs with an overall average wage rate that exceeds local market rates (calculated as an average by SIC or other industry code by each profession).

Targeted Industry/Purposes:

Preference may be given to projects related to certain types of industries, businesses, sectors or uses when consistent with the City's overall economic development strategy and any targeted industries for the Renewal Community.

Special Award:

This criteria is to be determined by the City based on overall vision, direction and development efforts; the criteria is to be reviewed and revised, if necessary, annually and can give consideration such aspects as: environmentally-friendly industry (end use), environmentally engineered or constructed project, artistic or design excellence, etc.

C. The RC CoRA Advisory Board will forward CRD recommendations within 10 days of review of the application to the Commercial Revitalization Agency of the State of Tennessee for approval.

D. The Commercial Revitalization Agency of the State of Tennessee will review recommendations from the local designated entity as they are submitted. Review and subsequent verification by the State will take place within 45 days from submission by the locally designated entity; the Mayor's Office and RC CoRA will then be notified of the State's approval. It will be the responsibility of the local RC CoRA to notify the Advisory Board and the applicant of the State's decision.

E. The City of Memphis will adopt the following options in accordance with the State of Tennessee Qualified Allocation Plan:

Performance Standards:

The RC CoRA Advisory Board has the option, on a case-by-case basis, to define performance standards and conditional levels of approval related to the CRD allocation amount for any project. When performance standards are set, the allocation amount will not be deemed final until the RC CoRA Advisory Board notifies the Commercial Revitalization Agency of the State of Tennessee that all performance standards have been met.

Recapture:

If a project subsequently fails to meet performance standards set by the RC CoRA Advisory Board, the Board has the right to recapture all or part of the CRD allocation prior to the end of the calendar year in which it was conditionally approved. The taxpayer will be notified in writing of pending recapture of any or all of the CRD allocation and will have 30 days to appeal such decision to the RC CoRA Advisory Board. Should such appeal be unsuccessful, the RC CoRA Advisory Board has the right to re-allocate recaptured CRD amounts to other projects.

Bonus Allocation:

The RC CoRA Advisory Board has the option, on a case-by-case basis, to award a bonus allocation to any project that successfully meets its performance standards if there are remaining CRDs at the close of the calendar year.

F. The maximum tax credit allowance for the 2002 CRD Allocation is \$10,000,000.00 per taxpayer.

G. The fee to be remitted upon submission of an application for a Commercial Revitalization Deduction will be one-half of one percent of the total commercial revitalization request.

Such fee, minus a \$50.00 handling charge, will be refunded if the applicant does not meet the minimum requirements for application. The minimum requirements will be deemed to be met if the application meets the definitions for both a 'Qualified Revitalization Building' and a 'Qualified Revitalization Expenditure' as defined under IRS Code Section 1400I(b).

H. For projects in which performance standards have been set, the RC CoRA Advisory Board shall have the right to set a fee for monitoring compliance in accordance with IRS Code Section 1400I(e)(2)(C). Such fee will be determined on a case-by case basis and in negotiation with the applicant at the same time that performance standards are set.

Compliance with the requirements of IRS Code Section 1400I is the responsibility of the taxpayer to whom the Commercial Revitalization Deduction is allocated. The obligation to monitor for compliance with the requirements of the Code does not make the RC CoRA or its Advisory Board liable for a taxpayer's noncompliance. The RC CoRA and its Advisory Board reserve the right to delegate all or any part of its monitoring responsibilities.